HOUSING MARKET INFORMATION

HOUSING NOW

Canada

Canada Mortgage and Housing Corporation

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Canadian Market Overview.

New Home Market

Housing starts remained strong in September

The seasonally adjusted annual rate[1] of housing starts was 218,600 units in September, up slightly from 218,400 units in August.

Housing starts remained at a high level in September, with construction activity again staying above the 200,000 unit threshold. Higher starts of multiple family homes were behind the rise in new home

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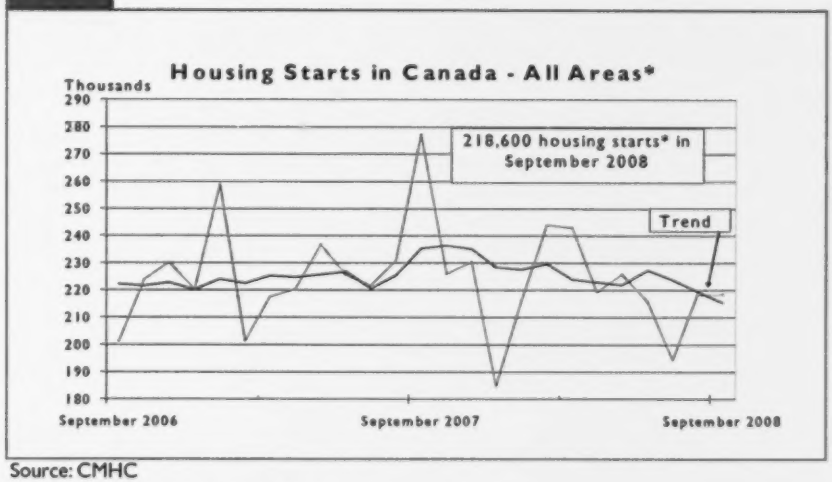
Figure 1



Source: CMHC

* Seasonally adjusted at annual rates
Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release

[1] All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

Canada

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construction activity in September.

Urban starts grew in September thanks to multiples

The seasonally adjusted annual rate of urban starts rose 0.1 per cent in September, compared to August. Urban multiples rose in September by 5.5 per cent to 122,600 units. Urban single starts decreased 8.1 per cent to 70,100 units in September compared to August.

Urban starts declined only in Ontario

September's seasonally adjusted annual rate of urban starts went up or remained unchanged in all regions of Canada, except Ontario, where housing starts decreased by 6.6 per cent to 80,900 units. Urban starts increased to 9,500 units in Atlantic Canada, 29,000 units in the Prairies, and 33,800 units in British Columbia. In the Quebec region, urban starts remained stable at 39,500 units. Multiple urban starts increased in all regions in September, with the exception of Ontario, where they decreased by 1.9 per cent.

Rural starts were estimated at a seasonally adjusted annual rate of 25,100 units in September[1].

Year-to date actual starts were down in September

For the first nine months of 2008, actual starts in rural and urban areas combined were down an estimated 5.7 per cent, compared to the same period last year. Year-to-date actual starts in urban areas have decreased by an estimated 0.8 per cent over the same period in 2007. Actual urban single starts for the January to September period of this year were 15.6 per cent lower than they were a year earlier, while urban multiple starts were up by 12.2 per cent over the same period.

Growth in new house prices continues to moderate

The New Housing Price Index (NHPI) increased by 2.3 per cent in August 2008 compared to a year ago. August marks the 7th consecutive month this year in which the rate of increase in the NHPI has decelerated.

Year-over-year prices increased in all centres across Canada, except for Edmonton (-5.7 per cent), Calgary (-1.1 per cent), and Victoria (-0.3 per cent) in August 2008 compared to last August. Double digit increases were seen in St. John's (23.7 per cent) and Regina (23.1 per cent).

Existing Home Market

MLS®[2] sales and listings increased in September

Seasonally adjusted MLS® (Multiple Listing Service®) sales in Canada's major markets[3] increased by 3.0 per cent to 25,680 units in September 2008, compared to 24,937 units in August 2008.

Seasonally adjusted MLS® new listings in Canada's major markets also increased 3.0 per cent to 48,870 units in September 2008, compared to 47,426 units in the previous month.

Slowing price growth indicates balanced market conditions

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio[4]. New listings are a gauge of the supply of existing homes, while MLS® sales are a proxy for demand.

[1]CMHC estimates the level of rural starts for each of the three months of the quarter, at the beginning of each quarter. During the last month of the quarter, CMHC conducts the survey in rural areas and revises the estimate.

[2]Multiple Listing Service (MLS) is a registered certification mark owned by the Canadian Real Estate Association

[3]The MLS® Major Markets include the following: Calgary, Edmonton, Halifax-Dartmouth, Hamilton-Burlington, Kitchener-Waterloo, London & St. Thomas, Mauricie & Trois-Rivières, Montréal, Ottawa-Carleton, Outaouais, Québec City, Regina, Saguenay-Lac St. Jean, Saint John, Saskatoon, St. Catharines District, St. John's, Sudbury, Thunder Bay, Toronto, Greater Vancouver, Victoria, Windsor and Winnipeg.

[4]Taking the Canadian MLS® Major Markets as a whole, a sales-to-new-listings ratio below 40 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a buyers' market. A sales-to-new-listings ratio above 55 per cent is associated with a sellers' market. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new- listings ratio is between these thresholds, the market is said to be balanced.

Canada's existing home market has been in sellers' territory throughout most of this decade. Lately, a declining sales-to-new-listings ratio and slowing price growth this year indicate existing home markets have become more balanced. The seasonally adjusted sales-to-new-listings ratio for Canada's major markets was 53 per cent in September 2008, a slight decrease from August 2008. Conditions in the resale market indicate there has been a gradual shift toward balanced market conditions, which has resulted in a slowing rate of growth in house prices.

The September seasonally adjusted average MLS® price in Canada's major markets was down 0.2 per cent to $321,013 compared to August 2008, while the unadjusted MLS® average price was down 6.2 per cent in September 2008 compared to a year ago.

Economic conditions

Employment increased by 107,000 jobs in September pushing Canada's employment rate at 63.7 per cent. The labour force also moved higher in September by 113,700 people which resulted in Canada's unemployment rate remaining at 6.1 per cent.

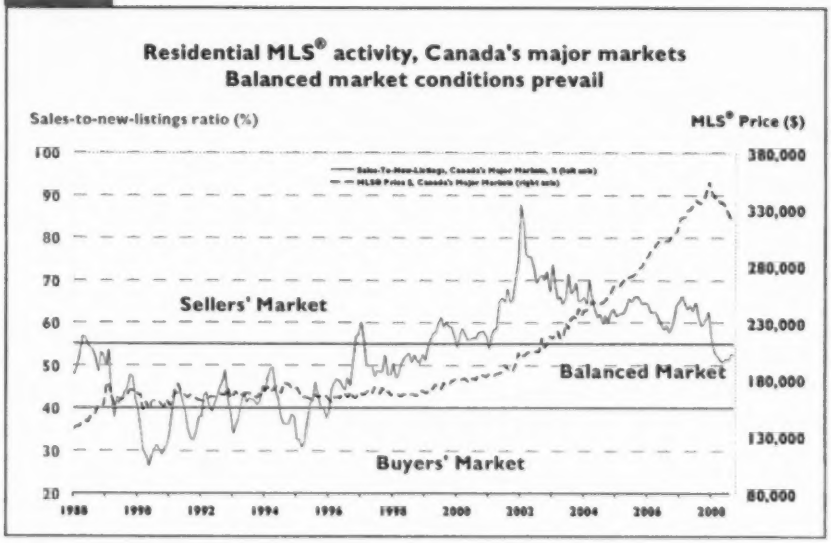
Month-over-month seasonally adjusted employment increased in five provinces between August and September. Ontario, Quebec, Alberta, Saskatchewan and Nova Scotia registered jobs gains. The largest increases in employment were seen in Ontario (52,200 jobs) and Quebec (31,700 jobs).

For the 12 month period ending in September 2008, seasonally adjusted employment in Canada expanded by 1.6 per cent (276,800 jobs). Part-time employment has grown by 5.2 per cent while full time employment increased 0.8 per cent.

The Bank of Canada, like other major central banks, has cut its policy interest rates. On Obtober 21st, Bank of Canada lowered the overnight rate target by 0.25 percentage point to two and a quarter per cent. It was the second consecutive decrease of the overnight rate in less than two weeks. The intensification of the global financial crisis pushed the central banks to ease global monetary conditions. The Bank of Canada's next interest rate policy announcement is scheduled for December 9th.

The Consumer Price Index (CPI) increased by 3.4 per cent in September 2008 compared to the same month in 2007, due largely to higher energy and food prices.

Figure 2



Data are seasonally adjusted and annualized, and cover Canada's major markets
Sources: CMHC, Canadian Real Estate Association (CREA), MLS®

This Month's Housing Data (SAAR)

	2007	Q1: 08	Q2: 08	Q3: 08	M07: 08	M08: 08	M09: 08
Housing starts, units, 000s							
Canada. Total. All areas	228.3	234.4	220.1	210.4	194.4	218.4	218.6
Per cent change from previous period	0.4	9.5	-6.1	-4.4	-10.0	12.3	0.1
Canada. Total. Rural areas	34.6	21.4	26.4	25.9	25.9	25.9	25.9
Per cent change from previous period	6.9	-35.7	23.4	-1.9	-1.9	0.0	0.0
Canada. Total. Urban areas	193.7	213.0	193.7	184.5	168.5	192.5	192.7
Per cent change from previous period	-0.7	17.9	-9.1	-4.7	-11.1	14.2	0.1
Canada. Single. Urban areas	90.9	81.9	77.2	73.6	74.7	76.3	70.1
Per cent change from previous period	-3.5	-9.5	-5.7	-4.7	0.0	2.1	-8.1
Canada. Multiple. Urban areas	102.9	131.1	116.5	110.9	93.8	116.2	122.6
Per cent change from previous period	2.0	45.3	-11.1	-4.8	-18.3	23.9	5.5
Newfoundland. Total. All areas	2.6	2.8	3.0	3.3	2.9	3.8	3.2
Per cent change from previous period	18.6	-6.7	7.1	10.0	3.6	31.0	-15.8
Prince Edward Island. Total. All areas	0.8	0.7	0.7	0.6	0.6	0.8	0.5
Per cent change from previous period	1.6	-12.5	0.0	-14.3	0.0	33.3	-37.5
Nova Scotia. Total. All areas	4.8	5.9	3.9	4.2	4.7	3.4	4.4
Per cent change from previous period	-3.0	25.5	-33.9	7.7	20.5	-27.7	29.4
New Brunswick. Total. All areas	4.2	4.4	4.6	4.2	4.5	3.7	4.5
Per cent change from previous period	3.8	7.3	4.5	-8.7	-2.2	-17.8	21.6
Quebec. Total. All areas	48.6	48.4	48.0	47.5	49.4	46.5	46.5
Per cent change from previous period	1.4	20.1	-0.8	-1.0	6.2	-5.9	0.0
Ontario. Total. All areas	68.1	78.7	78.6	75.8	52.8	90.2	84.5
Per cent change from previous period	-7.2	21.6	-0.1	-3.6	-35.6	70.8	-6.3
Manitoba. Total. All areas	5.7	5.4	6.0	5.5	5.6	5.6	5.5
Per cent change from previous period	14.1	-1.8	11.1	-8.3	1.8	0.0	-1.8
Saskatchewan. Total. All areas	6.0	6.8	8.2	7.3	8.4	6.3	7.4
Per cent change from previous period	61.7	21.4	20.6	-11.0	-22.2	-25.0	17.5
Alberta. Total. All areas	48.3	41.9	29.4	25.8	28.9	23.7	24.6
Per cent change from previous period	-1.3	-2.6	-29.8	-12.2	22.5	-18.0	3.8
British Columbia. Total. All areas	39.2	39.4	37.7	36.2	36.6	34.4	37.5
Per cent change from previous period	7.6	-6.9	-4.3	-4.0	2.8	-6.0	9.0

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Housing Data, continued (SAAR)*

	2007	Q1: 08	Q2: 08	Q3: 08	M07: 08	M08: 08	M09: 08
Canada. Total. Urban areas	193.7	213.0	193.7	184.5	168.5	192.5	192.7
Newfoundland. Total. Urban areas	1.8	2.3	1.9	2.4	2.0	2.9	2.3
Prince Edward Island. Total. Urban are	0.5	0.5	0.5	0.4	0.4	0.6	0.3
Nova Scotia. Total. Urban areas	3.3	4.9	3.1	3.4	3.9	2.6	3.6
New Brunswick. Total. Urban areas	3.0	3.0	3.3	3.0	3.3	2.5	3.3
Quebec. Total. Urban areas	40.9	43.5	41.8	40.5	42.4	39.5	39.5
Ontario. Total. Urban areas	62.8	75.9	74.7	72.2	49.2	86.6	80.9
Manitoba. Total. Urban areas	3.8	3.1	4.1	3.6	3.7	3.7	3.6
Saskatchewan. Total. Urban areas	4.8	5.0	5.7	4.6	5.7	3.6	4.7
Alberta. Total. Urban areas	38.5	37.9	25.0	21.9	25.0	19.8	20.7
British Columbia. Total. Urban areas	34.4	36.9	33.6	32.5	32.9	30.7	33.8

* Thousands of units, quarterly and monthly data are seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2007	Q1: 08	Q2: 08	Q3: 08	M07: 08	M08: 08	M09: 08
New Housing							
New & unoccupied singles & semis, units 000s	6.0	6.8	7.3	7.6	7.3	7.6	8.0
Per cent change from same period previous year	16.1	10.0	19.9	38.4	35.7	37.4	41.9
New & unoccupied row & apartments, units 000s	8.6	9.3	8.9	9.1	9.1	9.0	9.3
Per cent change from same period previous year	3.0	7.3	12.3	4.6	4.7	3.0	6.1
New House Price Index, 1997=100	153.0	158.0	158.4	n.a.	158.6	158.6	n.a.
Per cent change from same period previous year	7.7	6.3	4.3	n.a.	2.7	2.3	n.a.
Existing Housing							
MLS® resales*, units 000s	524.2	473.0	464.4	n.a.	462.9	445.4	n.a.
Per cent change from same period previous year	7.9	-10.5	-13.6	n.a.	-15.7	-14.3	n.a.
MLS® average resale price, $C 000s**	305.7	314.0	309.8	n.a.	301.9	296.6	n.a.
Per cent change from same period previous year	10.7	6.7	2.1	n.a.	-2.2	-3.4	n.a.
Mortgage Market							
Posted 1-Year Mortgage Rate, % (period average)	6.90	7.25	6.68	6.75	6.95	6.65	6.65
Posted 5-Year Mortgage Rate, % (period average)	7.07	7.29	6.93	6.95	7.15	6.85	6.85

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.
n.a. Figures not available
* Quarterly and monthly data are seasonally adjusted and annualized (SAAR).
** Annual data is actual. Monthly and quarterly data is seasonally adjusted.

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